

THE OFFICE OF REGULATORY STAFF

DIRECT TESTIMONY

OF

HANNAH K. MAJEWSKI

MARCH 4, 2014



DOCKET NO. 2013-47-W

**Application of AAA Utilities, Inc. for
Adjustment of Rates and Charges for
Water Services**

DIRECT TESTIMONY OF HANNAH K. MAJEWSKI

FOR

THE OFFICE OF REGULATORY STAFF

DOCKET NO. 2013-47-W

**IN RE: APPLICATION OF AAA UTILITIES, INC. FOR ADJUSTMENT OF
RATES AND CHARGES FOR WATER SERVICE**

Q. PLEASE STATE YOUR NAME, BUSINESS ADDRESS AND OCCUPATION.

A. My name is Hannah Majewski. My business address is 1401 Main Street, Suite 900, Columbia, South Carolina 29201. I am employed by the State of South Carolina as a Water/Wastewater Program Specialist for the Office of Regulatory Staff (“ORS”).

Q. PLEASE STATE YOUR EDUCATIONAL BACKGROUND AND EXPERIENCE.

A. I am a 1990 graduate of the University of South Carolina where I earned a B.A. in English. I have over 23 years of state government experience. In July 2009, I became the Program Specialist for the Water/Wastewater Department at ORS.

Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY IN THIS PROCEEDING?

A. The purpose of my testimony is to set forth the ORS staff findings relative to the review of the rate increase application submitted by AAA Utilities, Inc. (“AAA”). Specifically, I will focus on AAA’s compliance with the Public Service Commission of South Carolina’s (“PSC” or “Commission”) rules and regulations, ORS’s Business

1 Compliance Review of AAA's water systems, test-year and proposed revenue, and
2 performance bond requirement.

3 **Q. ARE THE FINDINGS OF YOUR REVIEW CONTAINED IN THIS**
4 **TESTIMONY AND ACCOMPANYING EXHIBITS?**

5 A. Yes, my testimony and the attached exhibits detail ORS's findings and
6 recommendations.

7 **Q. PLEASE EXPLAIN HOW YOU COMPILED INFORMATION FOR YOUR**
8 **TESTIMONY AND EXHIBITS.**

9 A. I used information provided by AAA in its application and additional
10 information provided by AAA during the course of our business review and facility
11 site inspections. I also reviewed AAA's financial statements and performance bond
12 documents submitted to the Commission.

13 **Q. PLEASE PROVIDE AN OVERVIEW OF THE LOCATIONS, SERVICE**
14 **TYPES AND CUSTOMER BASE SERVED BY AAA IN THIS APPLICATION.**

15 A. AAA is a public utility providing water supply/distribution services from both
16 onsite system wells and a third-party bulk water provider. AAA's operations are
17 classified by the National Association of Regulatory Utility Commissioners
18 ("NARUC") as a Class C water utility according to water revenues reported on its
19 application for the test year ending December 31, 2012. The service area of AAA
20 includes portions of Saluda, Richland, and Lexington counties. AAA provides water
21 supply/distribution services to 357 customers.

22 **Q. PLEASE EXPLAIN EXHIBIT HKM-1 OF YOUR REPORT.**

1 A. Exhibit HKM-1 contains summaries of the Business Office Compliance
2 Review and the water supply/distribution systems inspected by ORS on February 5,
3 2014.

4 **Water Supply/Distribution Systems**

5 AAA currently provides water supply services to the majority of its residential
6 customers using deep-drilled wells. AAA purchases water for its customers in the
7 Lakeside Forest Subdivision from the town of Batesburg-Leesville. Safe drinking
8 water standards are being met according to recent South Carolina Department of
9 Health and Environmental Control ("DHEC") sanitary survey reports and required
10 certified operator logs were in compliance at all facilities ORS inspected. DHEC rated
11 each of the water systems as 'SATISFACTORY' during the last sanitary survey. No
12 immediate need exists for any major upgrade for the AAA water systems.

13 **Q. WERE METERS INSTALLED IN THE LANDPOINT SUBDIVISION AS**
14 **INDICATED IN COMMISSION ORDER NO. 1995-1579?**

15 A. No. AAA indicated that 14 of the 28 customers in the Landpoint Subdivision
16 do have meters. However, AAA has been unable to locate the service lines to the
17 remaining 14 customers. Eight (8) unmetered service lines extend from the main
18 water line located under the middle of an asphalt road and to install meters would
19 require removal of a large section of the road. According to AAA, the utility plans to
20 relocate the main line to the left side of the road, bore under the asphalt and install
21 new service lines. AAA has been repairing the old lines with new polyvinyl chloride
22 ("PVC") pipe in the most troublesome areas with the intent to replace all the service

1 lines in the subdivision. However, because AAA obtained a loan to pay the Town of
2 Lexington \$37,500 to take over seven (7) sewer customers in the Mallard Bay
3 subdivision, the utility has been financially unable to continue the repairs and
4 replacement of service lines in Landpoint. The loan was scheduled to be satisfied in
5 February 2014 and AAA plans to resume the project in Landpoint.

6 **Q. DOES ORS RECOMMEND ANY ADJUSTMENTS TO THE TEST YEAR**
7 **WATER SERVICE REVENUES OF AAA?**

8 A. Yes. ORS completed a comprehensive review of AAA's customer water
9 revenue calculations for the test year. Based on that review, ORS made revenue
10 adjustments totaling (\$7,180) to AAA's test year water service revenues. These
11 revenue adjustments normalize the customer billing information provided by AAA.
12 The ORS revenue calculation was computed using detailed customer data as provided
13 by AAA during the audit process. Commission approved rates were applied to all
14 customers.

15 **Q. EXPLAIN THE TEST YEAR WATER SERVICE REVENUE AMOUNTS**
16 **COMPUTED BY ORS FOR AAA.**

17 A. Exhibit HKM-2 summarizes AAA's service revenues for the test year ending
18 December 31, 2012. Page 1 of the exhibit reflects service revenues at AAA's current
19 rates as approved by the Commission and service revenues using the proposed rates as
20 reflected in the Application

21 In summary, ORS calculated AAA's test year service revenues for residential
22 water operations, as adjusted, of \$89,131. For comparison purposes, ORS calculated

AAA's proposed residential water service revenues, as adjusted, of \$129,592. ORS did not factor customer growth into these service revenue comparisons because of the negative growth.

ORS proposes an adjustment of \$218 to Late Fees revenue to synchronize Late Fees revenue to the proposed rates in AAA's application. The adjustment is reflected as part of Adjustment #21 for Miscellaneous Revenues in ORS Audit Exhibit JWC-1.

As shown in Exhibit HKM-3 no customer growth is expected.

Q. PLEASE EXPLAIN THE EFFECT OF THE PROPOSED RATE INCREASE ON CUSTOMERS LOCATED IN THE LOVE VALLEY SUBDIVISION.

A. Based on the current tariff, AAA is allowed to charge Love Valley customers a base facility charge of \$7.50 a month and a commodity charge of \$2.40 per 1,000 gallons of water. However, many of the customers in this subdivision do not have meters and AAA is unable to measure each customer's usage. Therefore, AAA charges the \$7.50 base facility charge to these customers and does not charge the commodity charge of \$2.40 per 1,000 gallons. Based on AAA's Application, the utility is proposing a \$25 per month flat rate for this group of customers. The increase from the \$7.50 monthly amount to \$25.00 per month results in a 233% increase for the Love Valley Subdivision customers.

ORS recognizes the sizeable increase which is caused by these customers being billed for only the base facility charge portion of the approved rate due to the absence of meters. However, the \$25.00 per month amount would be consistent with other similarly situated customers without meters as proposed in the application.

Q. WHAT IS ORS'S POSITION REGARDING AAA'S REQUEST TO ADD THE NON-RECURRING CHARGE FOR CUSTOMER ACCOUNT SET UP?

A. AAA proposes to add a non-recurring charge to its rate schedule in order to recover the costs associated with setting up a new customer account. ORS supports this request as the requested amount is in line with other utilities that incorporate this charge into their tariff. Also, it directs the cost to the customers that are receiving the service of having an account established with the utility.

Q. DOES AAA INTEND TO CONTINUE BILLING CUSTOMERS ONCE EVERY TWO MONTHS?

A. Yes. AAA's current tariff allows the utility to bill its customers once every two months for service. However, the Application filed by AAA in this Docket does not contain that same provision. AAA has indicated to ORS that the utility would like to continue to bill its customers once every two months. ORS does not oppose AAA's desire to continue billing customers once every two months.

Q. PLEASE EXPLAIN EXHIBIT HKM-4 OF YOUR REPORT.

A. Exhibit HKM-4 is a summary of AAA's current PSC approved rates and the rates proposed in their Application.

Q. PLEASE EXPLAIN THE STATUS OF THE PERFORMANCE BOND FOR AAA.

A. AAA has a current performance bond for utility operations in the form of a Personal Financial Statement on file with the PSC in the amount of \$100,000 for water. Based on the expenses from the test year and using the criteria set forth in 10

1 S.C. Code Regs. 103-512.3.1, ORS determined that the face amount of AAA's bond
2 should remain the same. (Exhibit HKM-5)

3 **Q. PLEASE EXPLAIN EXHIBIT HKM-6 OF YOUR REPORT**

4 A. Exhibit HKM-6 demonstrates the effect of AAA's proposed rates on the
5 highest billed customers.

6 **Q. WHAT OPERATING MARGIN DOES ORS RECOMMEND FOR AAA IN**
7 **THIS RATE CASE?**

8 A. Using ORS' proposed adjustments for the test year ending December 31, 2012,
9 the Operating Margin computed by ORS for AAA is -13.49%. AAA's proposed
10 increase, with ORS proposed adjustments, would generate an operating margin of
11 15.63%. ORS recommends an operating margin range of 10-15% which will provide
12 a prudent balance between the consumer's need for affordable, quality services and
13 AAA's financial health. It is the position of ORS that this operating margin range, as
14 recommended, is fair and reasonable and balances the overall public interest.

15 **Q. DOES THIS CONCLUDE YOUR DIRECT TESTIMONY?**

16 A. Yes.



ORS BUSINESS OFFICE COMPLIANCE REVIEW

Utility: AAA Utilities, Inc.
 Inspector: Hannah Majewski, Willie Morgan
 Office: 3071 Hwy. 6, Lexington SC
 Utility Type: **Water**
 Date: 2/5/14
 Company Representative: Linda Rutledge, Jay Swearingen

#	Compliance Regulation	In Compliance	Out of Compliance	Comments
1	All records and reports available for examination in accordance with Rule R.103-710.	X		
2	Complaint records maintained in accordance with R.103-716		X	Need to include addresses of complaints
3	Utility's rates, its rules and regulations, and its up-to-date maps and plans available for public inspection in accordance with R.103-730.	X		
4	Established procedures to assure that every customer making a complaint is made aware that the utility is under the jurisdiction of the South Carolina Public Service Commission and that the customer has the right to register the complaint in accordance with R.103-730.	X		
5	Deposits charged within the limits established by R.103-731.	X		\$75 deposit charged for renters, not for land owners
6	Timely and accurate bills being rendered to customers in accordance with R.103-733.	X		Bill bi-monthly; sent out the first week of the month
7	Bill forms in accordance with R.103-732.		X	Form needs to include a statement advising customers that rates are available upon request
8	Adjustments of bills handled in accordance with R.103-733	X		
9	Policy for customer denial or discontinuance of service in accordance with R.103-735.	X		
10	Notices sent to customers prior to termination in accordance with Rule R.103-735.	X		
11	Notices filed with the Commission of any violation of PSC or DHEC rules which affect service provided to its customers in accordance with rule R.103-714-C.	X		

#	Compliance Regulation	In Compliance	Out of Compliance	Comments
12	Utility has adequate means (telephone, etc.) whereby each customer can contact the water and/or wastewater utility at all hours in case of emergency or unscheduled interruptions or service in accordance with R.103-730.	X		
13	Records maintained of any condition resulting in any interruption of service affecting its entire system or major division, including a statement of time, duration, and cause of such an interruption in accordance with R.103-714.		X	Company advised that any outages exceeding 6 hours must be reported to ORS
14	Utility advised the Commission, in accordance with Rule R.103-712 of the name, title, address and telephone number of the person who should be contacted in connection with general management duties, customer relations, engineering operations, and emergencies during non-office hours.	X		
15	Company verified the maps on file with the Commission include all the service area of the company.	X		
16	Number of customers the company has at present time.	X		357 customers
17	Company has a current performance bond on file with the Commission. Amount of bond: \$100,000	X		
18	Utility maintains a documented Safety Program.			Did not review
19	Utility maintains a documented Emergency Response plan.			Did not review
20	Utility maintains a documented Preventative Maintenance plan.			Did not review
21	Utility submitted a current Annual Report.	X		
22	Utility is in compliance with Gross Receipts reporting and payment regulations.	X		



ORS WATER SYSTEM INSPECTION REPORT

Inspection Overview

Date Inspected: 2/5/14

Inspector Name: Hannah Majewski, Willie Morgan

Docket Number: 2013-47-W

Utility Name: AAA Utilities, Inc.

Utility Representative: Ed Swearingen

Number of Customers: 19

System Type (distribution, well, etc): well

Location of System: Hilton Sound Subdivision, Lexington

Location of Utility Office: 3071 Hwy 6, Lexington

Treatment Type: Chlorine

Permit #: 3250024

Last SC DHEC Compliance Rating: Satisfactory

Frequency checked by Licensed Operator: daily

Wastewater Provider:

Inspection Overview

	System Components Inspected	Specific Type	#	P S I	Capacity	Compliance		Comments
						Yes	No	
1	Well Sites		2			X		Well 1 is abandoned
2	Pump Houses							
3	Storage Tank	Pressurized	1		5,000	X		
3a	Storage Tank	Non-Pressurized						
3b	Storage Tank	Overhead						
4	Chlorinator					X		
5	Other Chemicals in use							None
6	Meters		19			X		
7	Fire Hydrants							None
8	Electrical Wiring acceptable					X		
9	Piping acceptable					X		
10	System free of leaks					X		
11	Access road adequate					X		
12	Ability for service area to expand					X		At capacity

Additional Comments:



ORS WATER SYSTEM INSPECTION REPORT

Inspection Overview

Date Inspected: 2/5/14

Inspector Name: Hannah Majewski, Willie Morgan

Docket Number: 2013-47-W

Utility Name: AAA Utilities, Inc.

Utility Representative: Ed Swearingen

Number of Customers: 17

System Type (distribution, well, etc): distribution of purchased water

Location of System: Lakeside Forest Subdivision, Lexington

Location of Utility Office: 3071 Hwy 6, Lexington

Treatment Type: Chlorine

Permit #: 32500930

Last SC DHEC Compliance Rating: Satisfactory

Frequency checked by Licensed Operator:

Wastewater Provider:

Inspection Overview

	System Components Inspected	Specific Type	#	P S I	Capacity	Compliance		Comments
						Yes	No	
1	Well Sites							None
2	Pump Houses							None
3	Storage Tank	Pressurized						None
3a	Storage Tank	Non-Pressurized						None
3b	Storage Tank	Overhead						
4	Chlorinator							None
5	Other Chemicals in use							None
6	Meters		17			X		
7	Fire Hydrants							None
8	Electrical Wiring acceptable							None
9	Piping acceptable					x		
10	System free of leaks						X	AAA recognizes there is a leak on the system but has been unable to identify the location
11	Access road adequate					X		
12	Ability for service area to expand					X		At capacity

Additional Comments:



ORS WATER SYSTEM INSPECTION REPORT

Inspection Overview

Date Inspected: 2/5/14

Inspector Name: Hannah Majewski, Willie Morgan

Docket Number: 2013-47-W

Utility Name: AAA Utilities, Inc.

Utility Representative: Ed Swearingen

Number of Customers: 28

System Type (distribution, well, etc): well

Location of System: Landspoint Subdivision, Lexington

Location of Utility Office: 3071 Hwy 6, Lexington

Treatment Type: Chlorine

Permit #: 4050004

Last SC DHEC Compliance Rating: Satisfactory

Frequency checked by Licensed Operator: daily

Wastewater Provider:

Inspection Overview

	System Components Inspected	Specific Type	#	P S I	Capacity	Compliance		Comments
						Yes	No	
1	Well Sites		1			X		
2	Pump Houses							
3	Storage Tank	Pressurized	1			X		
3a	Storage Tank	Non-Pressurized						
3b	Storage Tank	Overhead						
4	Chlorinator					X		
5	Other Chemicals in use							None
6	Meters							None
7	Fire Hydrants							None
8	Electrical Wiring acceptable					X		
9	Piping acceptable					X		
10	System free of leaks					X		
11	Access road adequate					X		
12	Ability for service area to expand					X		At capacity

Additional Comments:



ORS WATER SYSTEM INSPECTION REPORT

Inspection Overview

Date Inspected: 2/5/14

Inspector Name: Hannah Majewski, Willie Morgan

Docket Number: 2013-47-W

Utility Name: AAA Utilities, Inc.

Utility Representative: Ed Swearingen

Number of Customers: 13

System Type (distribution, well, etc): Well

Location of System: Love Valley, Lexington County

Location of Utility Office: 3071 Hwy 6, Lexington

Treatment Type: Chlorine

Permit #: 4050020

Last SC DHEC Compliance Rating: Satisfactory

Frequency checked by Licensed Operator: daily

Wastewater Provider:

Inspection Overview

	System Components Inspected	Specific Type	#	P S I	Capacity	Compliance		Comments
						Yes	No	
1	Well Sites		1			x		
2	Pump Houses							
3	Storage Tank	Pressurized	1			X		2,000 gallon tank
3a	Storage Tank	Non-Pressurized						
3b	Storage Tank	Overhead						
4	Chlorinator					x		
5	Other Chemicals in use							None
6	Meters							None
7	Fire Hydrants							None
8	Electrical Wiring acceptable					x		
9	Piping acceptable					x		
10	System free of leaks					X		
11	Access road adequate					x		
12	Ability for service area to expand					X		At capacity

Additional Comments:



ORS WATER SYSTEM INSPECTION REPORT

Inspection Overview

Date Inspected: 2/5/14

Inspector Name: Hannah Majewski, Willie Morgan

Docket Number: 2013-47-W

Utility Name: AAA Utilities, Inc.

Utility Representative: Ed Swearingen

Number of Customers: 28

System Type (distribution, well, etc): Well

Location of System: Perry Subdivision, Saluda County

Location of Utility Office: 3071 Hwy 6, Lexington

Treatment Type: Chlorine

Permit #: 4150007

Last SC DHEC Compliance Rating: Satisfactory

Frequency checked by Licensed Operator: daily

Wastewater Provider:

Inspection Overview

	System Components Inspected	Specific Type	#	P S I	Capacity	Compliance		Comments
						Yes	No	
1	Well Sites		2			X		Need signage at both wells; well #2 needs a lock
2	Pump Houses							
3	Storage Tank	Pressurized	1			X		1,000 gallon tank
3a	Storage Tank	Non-Pressurized						
3b	Storage Tank	Overhead						
4	Chlorinator					X		
5	Other Chemicals in use							None
6	Meters							None
7	Fire Hydrants							None
8	Electrical Wiring acceptable					x		
9	Piping acceptable					x		
10	System free of leaks					X		
11	Access road adequate					X		
12	Ability for service area to expand					X		At capacity

Additional Comments:



ORS WATER SYSTEM INSPECTION REPORT

Inspection Overview

Date Inspected: 2/5/14

Inspector Name: Hannah Majewski, Willie Morgan

Docket Number: 2013-47-W

Utility Name: AAA Utilities, Inc.

Utility Representative: Ed Swearingen

Number of Customers: 71

System Type (distribution, well, etc): Well

Location of System: Rockford Subdivision, Lexington

Location of Utility Office: 3071 Hwy 6, Lexington

Treatment Type: Chlorine

Permit #: 3250099

Last SC DHEC Compliance Rating: Satisfactory

Frequency checked by Licensed Operator: daily

Wastewater Provider:

Inspection Overview

	System Components Inspected	Specific Type	#	P S I	Capacity	Compliance		Comments
						Yes	No	
1	Well Sites		2			X		
2	Pump Houses							
3	Storage Tank	Pressurized	2					
3a	Storage Tank	Non-Pressurized						
3b	Storage Tank	Overhead						
4	Chlorinator					X		
5	Other Chemicals in use							None
6	Meters		71			X		
7	Fire Hydrants							None
8	Electrical Wiring acceptable					X		
9	Piping acceptable					X		
10	System free of leaks					X		
11	Access road adequate					X		
12	Ability for service area to expand					X		At capacity

Additional Comments:

AAA Utilities, Inc.
Docket No. 2013-47-W
Service Revenue Impact
for Test Year ending December 31, 2012

Exhibit HKM-2

Water Revenue Overview for Period January 1, 2012 through December 31, 2012

Customer Classification	Service Units	Consumption in Gallons	Usage Charge per 1,000 gallons	Base Facility Charge (BFC)	Test Year Calculated Revenues
5/8" and 3/4" Residential Water (metered)	271	19,638,339	\$2.40	\$7.50	\$71,522
5/8" and 3/4" Residential Water (Lakeside Forest metered)	17	612,000	\$2.40	\$7.50	\$2,999
5/8" and 3/4" Residential Water (Landpoint)	28	N/A		\$15.00	\$5,040
5/8" and 3/4" Residential Water (Perry)	28	N/A		\$25.00	\$8,400
5/8" and 3/4" Residential Water (Love Valley)	13			\$7.50	\$1,170
Service Revenues - Water	357	20,250,339			\$89,131
<i>Miscellaneous Revenues - Late Fees</i>					\$480
<i>Miscellaneous Revenues - Cut On Fee</i>	29			\$20.00	\$580
<i>Miscellaneous Revenues - Reconnect Fee</i>	0			\$75.00	\$0
Total Miscellaneous Revenues					\$1,060
Uncollectible Accounts					(\$929)
Total Operating Revenues - Pro Forma Present					\$89,262

Water Revenue Overview for Test Year Ending December 31, 2012 Using Proposed Rates

Customer Classification	Service Units	Consumption in Gallons	Usage Charge per 1,000 gallons	Base Facility Charge (BFC)	Test Year Calculated Revenues	Increase Amount	% Increase
5/8" and 3/4" Residential Water (metered)	271	19,638,339	\$3.50	\$11.00	\$104,506	\$32,984	46%
5/8" and 3/4" Residential Water (Lakeside Forest metered)	17	612,000	\$3.50	\$11.00	\$4,386	\$1,387	46%
5/8" and 3/4" Residential Water (Landpoint)	28	N/A		\$25.00	\$8,400	\$3,360	67%
5/8" and 3/4" Residential Water (Perry)	28	N/A		\$25.00	\$8,400	\$0	0%
5/8" and 3/4" Residential Water (Love Valley)	13			\$25.00	\$3,900	\$2,730	233%
Service Revenues - Water	344	20,250,339			\$129,592	\$40,461	45%
<i>Miscellaneous Revenues - Late Fees (1)</i>					\$698	\$218	45%
<i>Miscellaneous Revenues - Account Set up charge (2)</i>	29			\$25.00	\$725	\$145	25%
<i>Miscellaneous Revenues - Reconnect Fee (3)</i>	0			\$75.00	\$0	NA	NA
Total Miscellaneous Revenues					\$1,423	\$363	34%
Uncollectible Accounts					(\$1,351)	(\$422)	45%
Total Operating Revenues - Pro Forma Proposed					\$129,664	\$40,402	45%

1. "Miscellaneous Revenues - Late Fees" - The interest amount or late payment charges for monthly charges will be greater due to the higher proposed rate.

2. "Miscellaneous Revenues - Account Set Up Charge" - AAA proposes to implement an Account Set Up charge of \$25 per unit per event.

3. "Miscellaneous Revenues - Reconnect Fee" - AAA proposes to continue the "Reconnection Charge" in its tariff.

AAA Utilities, Inc.
Docket No. 2013-47-W
Customer Growth Analysis

Exhibit HKM-3

Date		Water Customers	
12/31/2011		358	
12/31/2012		275	
Average		317	
Growth Factor for Water		# of Customers	
Date			
12/31/2012		275	
Average		317	
Growth Factor		-0.1311216	-13.11216%

SCHEDULE OF PROPOSED RATES AND CHARGES

WATER

1. Monthly Charges

	<u>Current</u>	<u>Proposed</u>
<u>Unmetered Water</u>		
Perry Subdivision	\$25.00 per month	\$25.00 per month
Landpointe Subdivision	\$15.00 per month	\$25.00 per month
Love Valley	\$25.00 per month	\$25.00 per month
<u>Metered Water</u>		
Base Charge	\$ 7.50 per month	\$11.00 per month
Commodity Charge	\$ 2.40 per 1,000 gallons	\$3.50 per 1,000 gallons

2. Non-Recurring Charges

Tap Fee	\$500 per unit	\$500.00 per unit
Account Set Up Charge	N/A	\$25.00 per unit per event
Reconnect Fee	\$75.00	\$75.00
Late Penalty Charge		

Current: Any balance unpaid with twenty-five (25) days of the billing date will be assessed a late payment charge of one and one-half per cent (1 ½%) for each month, or any part of a month, such balance remains outstanding.

Proposed: AAA may charge a late payment penalty up to the maximum amount allowed by applicable South Carolina statute and/or Public Service Commission Rule.

NSF Charge

Proposed: AAA may charge a NSF check charge up to the maximum allowed by applicable South Carolina Statute and/or Public Service Commission Rule.

3. Purchased Water Agreement

Proposed: AAA purchases potable water from Batesburg Leesville Water to serve the Lakeside Forest Subdivision. In the event Batesburg Leesville Water adjusts the unit price per 1,000 gallons, AAA seeks a pass-through of the adjustments to customers in the Lakeside Forest Subdivision subject to the Commission approved notification process.

4. Billing Cycle

Current: Recurring charges will be billed once every two months in arrears. Non-recurring charges will be billed and collected in advance of service being provided. Tap Fee is due at the time connection to the water system is required.

AAA Utilities, Inc. - Water			
Bond Value Components	Application Per Books	After Accounting & Pro Forma Adjustments	After Applicant's Proposed Increase
Salaries and Wages	\$13,000	\$23,368	\$23,368
Purchased Water	\$5,292	\$5,292	\$5,292
Purchased Power	\$15,608	\$15,138	\$15,138
Chemicals	\$383	\$383	\$383
Contratual Services: Accounting	\$665	\$665	\$665
Contactural Services: Engineering	\$4,910	\$4,910	\$4,910
Contractural Services: Lab	\$9,876	\$9,648	\$9,648
Transportation Expense	\$8,035	\$6,914	\$6,914
Insurance Expense	\$9,379	\$6,155	\$6,155
Repairs	\$11,581	\$10,581	\$10,581
Misc. Expense	\$6,158	\$6,340	\$6,340
Utility Regulatory Fees	\$581	\$860	\$1,249
Property Tax	\$697	\$535	\$535
Payroll Tax	\$87	\$1,895	\$1,895
Other Taxes & Licenses	\$9,200	\$8,450	\$8,450
Federal and State Income Tax	\$326	(\$2,872)	\$4,831
Interest Expense	\$1,539	\$0	\$0
Bond Value Requirement	\$97,317	\$98,262	\$106,354
Current Performance Bond Structure (1)	Bond Value	Expiration Date	
Personal Financial Statement	\$100,000	November 8, 2014	
Total Financial Assurance	\$100,000		

AAA Utilities, Inc.
Docket No. 2013-47-W
Highest Billed Customers

Exhibit HKM-6

<u>Customer Name</u>	<u>Service Address</u>	<u>Subdivision</u>	<u>Customer Type</u>	<u>Test Year Water Consumption (gallons)</u>	<u>Service Type</u>	<u>Average Monthly Charge at Current Rate</u>	<u>Average Monthly Charge at Proposed Rate</u>
		ROCKFORD	single family	322,000	W	\$71.90	\$104.92
		ROCKFORD	single family	305,000	W	\$68.50	\$99.96
		ROCKFORD	single family	255,000	W	\$58.50	\$85.38
		CHASEHUNT	single family	247,000	W	\$56.90	\$83.04
		ROCKFORD	single family	244,000	W	\$56.30	\$82.17
		ROCKFORD	single family	224,000	W	\$52.30	\$76.33
		ROCKFORD	single family	221,000	W	\$51.70	\$75.46
		ROCKFORD	single family	197,000	W	\$46.90	\$68.46
		CHASEHUNT	single family	191,000	W	\$45.70	\$66.71
		ROCKFORD	single family	190,000	W	\$45.50	\$66.42